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[REDACTED] Okay. Now is a good time to kick off. So, hey, everybody. My name is [REDACTED] I'm joined today with [REDACTED] to go over something that we call our product stories for H2 2020.

So, for folks who are new, product story is something that the product team puts together on usually a quarterly basis. This time, because of a number of reasons we did it on a semi-annual basis, that really outlines what we accomplished over the last time since our last story, and then really what the story and the narrative is for our strategy moving forward over the next half of the year.

So, there's a number of these planned across the five pillars of our product, which is liquidity kicking off. The others that you'll see on your calendar as optional are receiver, sender, our technical platform, and then Ripple Net Home. So, good to join all of those.

So, this document will be made available to everybody. We'll go through it, and I'll be answering questions in the side chat, but feel free to ask questions at the end, or in the chat, and then also to make comments in the doc if you have a chance to go back

1 and kind of fully read through it, and then we'll be
2 following up on that.

3 All right, so with that, I think many of you
4 know him. I am really excited to not necessarily
5 introduce, because he's kind of been here long enough
6 now, but [REDACTED] the PM responsible for liquidity.
7 He's going to go through the story, and again, if you do
8 have questions, start putting them in the -- in the Blue
9 Jeans channel, and I'll be answering there. So, [REDACTED]
10 with that, I'll hand it over to you.

11 MR. [REDACTED] Awesome. Yeah [REDACTED] just one
12 question. People are going to be throwing questions
13 into the channel, and then we will just chat through
14 them in real time, or am I just going end to end through
15 the product story?

16 MR. [REDACTED] Yeah, if you go end to end,
17 depending on how good the questions are -- Bosin
18 (phonetic) usually asks some pretty good questions, so
19 depending on if he asks any questions, I might -- I
20 might stop you and ask it out loud, but otherwise, we
21 can just wait until the end and people can fire them
22 off.

23 MR. [REDACTED] All right, sounds good. Well,
24 welcome, everyone, to liquidity's product story. This
25 is actually the first product story that's been written

1 on liquidity because it's a -- it's a new pillar within
2 the product team. So, excited to walk through how we're
3 thinking about next year.

4 So, quick agenda of how the product story is
5 organized. We'll go through high level what we view was
6 liquidity and the platform that we're building to
7 support that.

8 We're going to go through H1 retrospective,
9 talk a little bit about the successes and misses that we
10 had for the half, and then I'll go through really what
11 we -- we're going to be working on in the second half of
12 the year for liquidity, and talk a little bit about,
13 like, the longer term vision, and really, like, the
14 North Star that is this liquidity platform, what we're
15 hoping to achieve, and really the building blocks that
16 we're working on in the second half to ultimately get
17 there.

18 So, I'll go through the intro. So, liquidity
19 can really -- can mean a lot of different things, so
20 it's important that we kind of align with what we're
21 talking about with liquidity. There's liquidity in
22 traditional fiat markets that represents, like, how many
23 people are buying and selling a currency or a
24 cryptocurrency, but really when we're talking about the
25 liquidity product, we're talking about Prisma, which you

1 may have heard thrown around, which is a real time
2 liquidity aggregation and trading platform that we're
3 building.

4 So, right now we're building Prisma to work
5 within the ODL flow, so Prisma is going to provide
6 connectivity to all of the exchanges, aggregate
7 liquidity, provide a single API to our ODL
8 infrastructure, but in addition to that, we're going to
9 be building upon Prisma so it can intelligently route
10 transactions between venues, and ultimately, like, drive
11 natural liquidity on the platform.

12 So really, like, what Prisma ultimately wants
13 to do is increase natural liquidity of XRP, because this
14 is going to help facilitate a more -- a healthier -- a
15 healthier ecosystem of XRP, but also reduce our
16 liquidity costs in terms of ODL transactions, and I'll
17 go through in detail what makes up those ODL costs, and
18 why -- and why this is so important, but if you go -- if
19 you read through the introduction, you'll kind of see,
20 like, the high level mission statement of Prisma, but it
21 really is aggregating liquidity, providing trade
22 optimizations, simplifying access to crypto markets for
23 market makers, for receivers, for our internal
24 infrastructure, etcetera.

25 So, going onto what actually is liquidity,

1 because it is important to level set, really what we
2 mean by liquidity in the terms of traditional fiat or
3 crypto markets, it's, how deep is an order book?

4 And when I say how deep is an order book,
5 really what I mean is, how large of an order can you do
6 on a -- on a market with a minimal market impact? So,
7 if you're looking at this totally basic order book, you
8 can see the bid size at associated prices, and what this
9 means is I could buy \$500 of whatever this currency is,
10 so, XRP USD for about .20 cents, and if I were to buy
11 1,500, it would be the volume weighted average between
12 these two.

13 Really what we want to do with liquidity is
14 deepen these books. We want to have more and more size
15 available on both the bid and the ask, and you may hear
16 me call it -- call it the offer, because the more
17 liquidity, the more trading that can happen without
18 really impacting the market.

19 So, if you're looking at this example, if I
20 wanted to buy a million XRP, I would go through all of
21 the levels of this order book, and it would cause a
22 significant price impact as a result.

23 So, the deeper liquidity that we have
24 available on all of the exchanges that are trading XRP,
25 the better -- the better functioning the market is, and

1 the less market impacts, so the less the price moves
2 following a trade. So, that's really what we're trying
3 to achieve with Prisma, and we'll go through some of the
4 building blocks that we'll use to get there.

5 So, going on, so, why is liquidity important?
6 Similar to what I -- similarly to what I just said, it's
7 important because it will be able to facilitate more ODL
8 transactions. We'll be able to scale ODL at a lower and
9 lower cost. I think this is just -- this is pretty
10 significant here.

11 So, the cost of liquidity, which, I'll go
12 through the break down in a bit. The cost of liquidity
13 is about 50 percent of the total cost of ODL. So, we're
14 spending a lot of time trying to reduce the -- reduce
15 the total costs of liquidity, because that will
16 ultimately allow us to scale ODL at a lower and lower
17 cost basis, and ultimately turn it from a negative
18 margin business into a positive margin business.

19 So, like, when you have liquidity costs of 95
20 basis points, that means we're -- 95 basis points is
21 equivalent to .95 percent. So, what that means is the
22 cost of liquidity for every dollar that we send through
23 ODL is negative .95 cents. So, every dollar of ODL, we
24 lose .95 cents.

25 So, what we're going to do, is we're going

1 to -- sorry, not .95 cents -- for every hundred dollars
2 we send through ODL, we lose .95 cents. So, what we're
3 trying to do is reduce that cost so that we can scale
4 ODL.

5 And so, the make up of liquidity is broken
6 down into, like, really -- it's three main components.
7 There is the FX rebate, the market maker fixed fee,
8 market maker variable fee, and there's some -- so, four,
9 maybe -- exchange and ledger fees, but those are kind of
10 smaller -- smaller percentages.

11 The two ones are really, like, market maker
12 cost and FX rebate. And what that means is, because
13 there is not a ton of XRP liquidity in the markets that
14 we're sending ODL transactions do, it means that we
15 actually contract with market makers so that they make
16 markets onto these exchanges and provide sufficient
17 liquidities to facilitate the ODL flows, which is then
18 market maker fees that we're paying, so we're literally
19 paying these market makers to go onto these exchanges
20 and to make markets.

21 And then the FX rebate, you can think of --
22 you can think of as the difference between the
23 prevailing fiat market rate. So, let's say somebody is
24 sending money from the US to the Philippines, and the
25 US/Filipino fiat rate is 50. That rate versus the rate

1 that we're actually able to execute the transaction
2 using ODL. So, buying XRP with US dollars and then
3 selling XRP for Filipino peso on the other side. The
4 difference between those two is the FX rebate.

5 So, what we're doing with ODL is were are --
6 we are paying our senders the difference between what
7 we're able to execute the ODL transaction at, and the
8 prevailing market rate with the fiat markets, because we
9 suffer from this lack of liquidity in crypto markets
10 just simply because they are significantly more nascent
11 than FX markets, which are the most efficient and the
12 most liquid markets of any asset class.

13 So, we've got a lot of work to do, but I'm
14 confident we can get there. So, when you're looking at
15 the cost of liquidity, really, it's driven by the fact
16 that they're not super liquid markets, so we have to pay
17 both the senders and market makers to be able to
18 facilitate a transaction that is at a similar cost basis
19 for the senders as if they were doing traditional
20 payments with banks.

21 So, and when we'll talk about, like, what are
22 we doing to reduce these costs? We -- our main focus is
23 on, like, all right, how do we drive down market maker
24 costs? How do we drive down this FX rebate?

25 So, quick look back at H1. So, we had --

1 we've made a ton of really good progress. We've reduced
2 the cost of liquidity significantly. At the beginning
3 of the year, the cost of liquidity was about 150 basis
4 points, and we've reduced it to about 100 basis points.
5 95 basis points was the data from last week. So, that's
6 a -- that's a 50 percent -- nearly a 50 percent
7 reduction in costs of liquidity. We've decreased it 50
8 basis points. That was driven primarily by these
9 factors listed here.

10 So, we got -- we had tiger spreads. So, if
11 you're looking at liquidity cost components, tiger
12 spreads ultimately means that the FX rebate is going to
13 decrease. So, remember how I said, FX rebate is the
14 difference between the prevailing fiat market rate and
15 the rate that we're able to execute at? Because we've
16 got tighter spreads from our market makers, that meant
17 that our price execution on the ODL transaction was
18 better. Therefore, the FX rebate went down.

19 We are -- our volume break down between
20 corridors also changed. So, we had -- we saw increases
21 in volume through low volume -- sorry. We saw increases
22 in volume through low cost corridors. So, between -- we
23 saw Euro/USD volume increase, and we also saw decreases
24 in volume through high cost corridors. So,
25 ozzy/Filipino peso was one of our most expensive

1 corridors, and we actually stopped volume as a result of
2 that. So, those facts helped decrease our total cost of
3 liquidity.

4 Additionally, we rolled out new market maker
5 contracts in June. So, this is -- this is going to have
6 a significantly positive effect on the cost of
7 liquidity. So, we renegotiated contracts, so we're
8 reducing the market maker variable fee from 100 Bips to
9 55 Bips, and the fixed fees also decreased from -- I
10 think on monthly, they -- they were 100,000, and now
11 they are 50,000. So, we're seeing these two factors
12 combined as helping reduce our cost of liquidity as
13 well.

14 So, going through these charts, you can see
15 the liquidity cost component. So, at the beginning of
16 the year, total cost of liquidity was about 150 basis
17 points.

18 At the end of H1, we got it down to 100 basis
19 points. The breakdown, you can see FX rebate is the
20 orange bar, market maker variable fee is the green bar.
21 So, you can see these compressed over time, which is
22 what's driving this downward trend.

23 MR. DEWITT: Hey, Matt?

24 MR. ADLER: Go ahead.

25 MR. DEWITT: We've probably had 60 people join

1 since you -- since you kicked off. So, could you just
2 reiterate, why do we care about these costs at all? You
3 had a really great point in the beginning. It's just
4 probably worth saying just one more time.

5 MR. [REDACTED] Yeah, so the cost of liquidity at
6 the moment is 50 percent of the cost of ODL in
7 aggregate. So, for every dollar -- every hundred
8 dollars we send through ODL, our cost of liquidity is 95
9 basis points, 100 basis points on average, which means
10 that we lose about a dollar for every hundred dollars
11 that get sent through ODL.

12 So in order to -- in order to be able to scale
13 ODL and turn ODL from a negative margin product into a
14 positive margin product, reducing the cost of liquidity
15 is going to be really, really important, because it
16 makes up 50 percent of our total cost of ODL.

17 MR. [REDACTED] Thanks.

18 MR. [REDACTED] Are there any questions that have
19 popped in that -- I see 18 questions, but let me know if
20 you want me to cover any of those.

21 MR. DEWITT: You've actually answered them all
22 in your -- in your presentation so far.

23 MR. ADLER: Okay, awesome. So, as I was
24 mentioning before, we saw changing dynamics and
25 changing, like, market share between volume by corridor.

1 So, this blue section right here, Ozzy to Filipino peso
2 was our highest cost corridor, and because we reduced
3 volume through that corridor, that's going to have a
4 lowering effect on our total cost of liquidity.

5 Similarly, you saw Euro/USD. It's total
6 volume in terms of, like, our total ODL volume. So,
7 it's like, market share of ODL increased over time, and
8 because that's our lowest cost corridor, that would have
9 downward pressure on our cost of liquidity too. So, if
10 you're looking here, you see liquidity costs by
11 corridor, the yellow line is Euro/USD costs, so, that is
12 significantly cheaper than the other corridors.

13 So, the more volume we do through Euro/USD,
14 the lower our liquidity costs are going to be, and
15 similarly, Ozzy, Filipino peso was very, very expensive,
16 and the reduction of that is going to lower our costs.

17 And just one point in case you were wondering
18 why such different cost structures between the
19 corridors? In Euro/USD, because we're sending money
20 into the US, significantly more liquid market. So, we
21 actually don't contract any market makers in the US.

22 So, that's going to have a very, very positive
23 effect on our -- excuse me -- on our liquidity costs,
24 because they're actually quite liquid markets in the US.
25 But when you go to these less liquid markets, so, like,

1 Ozzy to Filipino peso, we actually had to pay market
2 makers both in Australia and the Philippines, which is
3 why it was so expensive for us to facilitate
4 transactions through that corridor.

5 So, I think I -- I'll go back to my initial
6 point. The more liquid a market is -- meaning the more
7 volume that's available on the bid side or the offer
8 side, the lower our cost of liquidity is going to be.
9 And the lower our cost of liquidity, the better position
10 we'll be into scale ODL into a -- and turn it into a
11 positive margin business.

12 So, item one, we reduced our costs of
13 liquidity 33 percent from 150 basis points to 100 basis
14 points in six months. I mean, I think, like, that just
15 is an incredible, incredible achievement, and that,
16 like, if you think about it at scale, 50 basis points
17 turns into millions and millions of dollars in cost
18 savings, so that's incredible.

19 Additionally, we've -- we're building out
20 Prisma, and we're -- we built Prisma, and it's going to
21 be rolled out into the ODL flow soon. So, the -- we
22 have an engineering team in Iceland that's doing
23 incredible work to build Prisma, this new liquidity
24 platform that we're going to be leveraging both within
25 ODL and for external customers as well -- external and

1 other internal customers.

2 So, right now, Prisma is being rolled out in
3 the ODL flow. So, it's providing a single API to global
4 connectivity to all of the available exchanges.

5 Previously with ODL, we had to do bespoke integrations
6 within ODL for every new corridor that we launch. Right
7 now, ODL integrates into Prisma, and Prisma does all of
8 the -- all of the integrations to new exchanges. So,
9 that's just going to make us much faster in our ability
10 to scale moving forward, because we can add exchanges in
11 a much faster, faster pace, and it provides just this
12 unified API for ODL.

13 Additionally in H1, we added new exchanges.
14 We launched, or, we integrated [REDACTED] is building
15 an exchange, so we've been partnering closely with them
16 to provide guidance on how they should build their
17 exchange, and what kind of functionality is required to
18 be available.

19 And then [REDACTED] the integration kicked off and
20 is going to be ready shortly, which is -- that's an --
21 that's an exchange in the Philippines, so this is super
22 important for us to have redundancy. So -- and some of
23 these exchanges, we're experiencing some reliability
24 issues, Philippines in particular. So, right now, we
25 only -- we have a single point of failure in the

1 Philippines. If the Filipino exchange is down, which is
2 called [REDACTED] we literally can't send ODL transactions
3 to the Philippines, which is not the product experience
4 that we want to provide our senders.

5 So, if you have this redundancy, if [REDACTED] is
6 down but [REDACTED] is up, we'll have fail over ability. So,
7 we'll be able to send flows from -- that were originally
8 going to just fail because [REDACTED] was down, we'll be able
9 to fail over to [REDACTED] and send transactions that way.

10 So, that's going to be a pretty significant increase in
11 our product quality as a result of having this -- having
12 this redundancy.

13 And then also in this first half we carved out
14 liquidity as a product. So, just -- I don't know if
15 anybody -- everybody knows me, [REDACTED] PM for
16 liquidity. I started two months ago, so, I think it's
17 important that we've identified the importance of
18 liquidity as a standalone product, because really, it's
19 a huge effort to increase liquidity in these markets and
20 then ultimately reduce our costs for ODL. So, I think
21 that's -- that was a big, big win.

22 MR. [REDACTED] Hey, Matt, if I can jump in
23 before your --

24 MR. [REDACTED] Yeah.

25 MR. [REDACTED] -- there's this question from the

1 group. Is [REDACTED] an XRP only platform, or is there a
2 future where we sell [REDACTED] like a SAS product for other
3 digital assets?

4 MR. [REDACTED] Very good question. For now, it's
5 an XRP only platform, but I think -- I don't think we're
6 ruling anything out for the future of Prisma. Like,
7 whatever -- I think as we continue to dig in and we
8 identify opportunities that will have a positive impact
9 on XRP liquidity, we will be open minded about them, as
10 long as -- as long as ultimately, like, we keep in mind
11 our North Star of Prisma to drive increased usage of
12 XRP, and increased available liquidity of XRP. If that
13 involves other digital assets, I don't want to rule it
14 out by default. Craig, I don't know if you have any
15 other perspective on that.

16 MR. [REDACTED] No, I think that's it. That's a
17 good answer, Matt. I've got one more for you before we
18 move on.

19 MR. [REDACTED] Yes.

20 MR. [REDACTED] I'm not going to name and shame
21 the people, but folks are sending me direct messages
22 with really good questions. Feel free to put those in
23 the chat so everyone can see them. No shame here. So,
24 [REDACTED] question.

25 MR. [REDACTED] Yes.

1 MR. [REDACTED] I heard that we don't have to pay
2 UK or US dollar market makers. If so, why?

3 MR. [REDACTED] Yeah. So, in the -- in the US, we
4 simply have the markets that we operate in. So,
5 BitStamp at the moment and then Coinbase in the future.
6 The markets are liquid enough already. So, we actually
7 -- we have sufficient liquidity to handle the ODL flow
8 that we're doing.

9 It's the -- it's the markets in which don't
10 have sufficient liquidity to handle the ODL flow that we
11 have to contract with market makers to incentivize them
12 to make markets in those countries. So, that is why we
13 don't have to pay market makers in the US, because
14 there's actually already enough liquidity available for
15 us that we don't -- we don't necessarily need them in
16 those markets. Any other questions while we're going,

17 [REDACTED]
18 MR. [REDACTED] I mean, keep moving, but --
19 sorry, keep moving, and then I'll triage the -- I'll
20 triage these ones.

21 MR. [REDACTED] Okay, sounds good. Okay, so we --
22 not everything is perfect. Obviously, we have a lot of
23 work to do. We had a couple misses. So, one of them
24 was the fact that we didn't see the degree of natural
25 liquidity increase in these destination markets, so,

1 these less liquid markets that we originally
2 hypothesized we would.

3 The original hypothesis was, utility drives
4 utility, volume begets volume. So, if you increase ODL
5 volume into these -- into these corridors, ultimately,
6 we'd expect there to be a natural increase in demand of
7 trading partners in those markets because they see the
8 increase in liquidity in those markets.

9 However, we drove significant volume in H1,
10 and we didn't quite see the resulting uptick in natural
11 liquidity that we were expecting to. So, that's one of
12 the misses. This is a main area focus for me as we look
13 at H2, and even into 2021 of how do we increase volume,
14 and how do we ultimately increase natural liquidity?

15 Because that is -- that is what we are going
16 to need for ODL to be -- for ODL -- for liquidity costs
17 and ultimately ODL to be positive basis point margin --
18 sorry, positive margin, because with the market maker
19 fees, with the FX rebates, it's a -- it's a big chunk of
20 costs that we're going to have to decrease, and that's
21 really why doing that, we have to make sure that we get
22 enough liquidity that we don't have to ultimately pay
23 for. So, that's one of the misses.

24 The second miss is we actually had to pause
25 ODL activity into the Philippines. We stopped senders

1 from making payments into the Philippines, and this is
2 ultimately driven by a restriction that was put in place
3 in the market outside of our control.

4 The government literally shot down markets
5 during a Covid -- during a Covid market dislocation.
6 So, they prevented our market makers from actually
7 funding their Filipino accounts. They weren't able to
8 sell US dollars for Filipino peso in the traditional
9 fiat markets.

10 So, this was a challenge, and it's obviously
11 painful for us to tell our customers that they can't
12 send volume through these -- through these corridors
13 that we have live. That said, I think the fact that
14 these kind of problems happen highlight the importance
15 of ODL as a product.

16 Like, there are -- there are times when people
17 are unable to use traditional fiat and payment rails,
18 but the crypto markets were still functioning. If they
19 had -- if our market makers had sufficient Filipino peso
20 liquidity during the shut down, this wouldn't have been
21 an issue.

22 The issue was, they weren't able to use
23 traditional fiat markets, and that's the beauty of this,
24 is we can actually be -- turn ourselves into, like, the
25 fail over.

1 If traditional markets fail, they can use the
2 crypto markets, which I think is incredibly exciting for
3 the future of this product. But that said, we still did
4 suffer a setback as a result of the government shut down
5 in the Philippines.

6 All right, good to jump onto the future,
7 Craig? Anything else I should -- I should pause on?

8 MR. [REDACTED] Yeah. I got a good one. [REDACTED]
9 [REDACTED] not to be -- not to be outdone with questioning
10 says, follow up to Bosin's question on the -- that
11 Prisma that I asked. Does Ripple plan to -- does
12 Ripple, as an organization, plan to make markets on
13 Prisma, or is that still -- is that still to be
14 determined, or will we solely invite external market
15 makers to provide liquidity on Prisma?

16 MR. [REDACTED] That's a good question. For now,
17 it will be -- it will provide an interface to market
18 makers to come in to provide markets via Prisma. I
19 think there's a lot that needs to be fleshed out before
20 we start talking about Ripple as a market maker. I
21 don't think we're quite there yet. [REDACTED] don't know
22 if there's any -- anything else you want to comment on
23 for that.

24 MR. [REDACTED] Yeah, I think the key thing is
25 right now, that is not -- that is not a business that

1 Ripple is in in terms of providing that kind of
2 liquidity for individual payments.

3 MR. [REDACTED] Mm-hmm.

4 MR. [REDACTED] You know, a lot's evolving, so --
5 but right now, we're reliant on market makers and
6 exchanges for that infrastructure.

7 MR. [REDACTED] Yeah. All right, so, I'll go
8 through -- I'll go through the future, and I'll leave --
9 I'll try to finish around 9:45 if possible and leave
10 time for questions that may arise as a result.

11 So, I talked about how we're talking -- we're
12 thinking about Prisma already, but really I'll mention
13 it again. I'm going to keep saying it. North Star or
14 Prisma is increasing unsubsidized natural liquidity of
15 XRP across global markets.

16 We can do this in multiple ways. I'm sure
17 there's ways that we're going to continue to think about
18 that are -- that aren't necessarily even highlighted
19 here, but one of the main ways that we can do this is we
20 can provide single APIs to market makers that give them
21 access to make markets in all of the exchanges rather
22 than having to do bespoke integrations. We'll have
23 intelligent routing that will drive increased volume
24 across venues, etcetera.

25 So, right now, Prisma -- you can think of

1 Prisma's work as benefiting three main areas. So, one
2 is we're actually -- we're going to be leveraging Prisma
3 for the sale of XRP as a service to receivers.

4 So, right now, we're doing a lot of work of
5 XRP origination and XRP termination, which you'll hear
6 more about on the send and receive side, but ultimately
7 what's happening is we'll be able to do -- facilitate an
8 ODL transaction without an exchange within that flow.
9 However, we'll then have receivers with XRP on their
10 balance sheet, and they'll need -- they are asking for
11 services to enable them to intelligently sell that XRP
12 on open markets.

13 So, that's the beauty of Prisma. Prisma will
14 be able to provide services to these receivers who want
15 to sell XRP on the open markets. They can leverage
16 trading algorithms that we can develop. We'll have a
17 rich dataset that we can continue to optimize these
18 algorithms to get better and better the more data we
19 have. So, that's one area. Enable receivers to sell
20 XRP at optimal price levels.

21 Additionally, we're going to be -- Prisma, as
22 providing a single API for the ODL flow, will be able to
23 improve the sender experience by reducing failure rates
24 and enabling new corridors. So, that's enabling
25 redundancy in corridors where we already have exchanges,

1 and adding new exchanges to increase the number of
2 corridors that we have. Because I know a lot of the
3 senders, they're asking for more and more corridors to
4 send to.

5 So, the more -- the more nodes that we have
6 within the ODL network, the more demand we're ultimately
7 going to have for -- from senders, because maybe a
8 sender doesn't have any volume from the US to Mexico, or
9 US to Philippines, but the more and more markets that we
10 add based on sender demand, etcetera, the better
11 position we'll be to -- in -- to onboard those users and
12 get them using ODL.

13 And then thirdly, we've got to reduce the cost
14 of liquidity for ODL. That's a big one. I've said it
15 probably a hundred times already. So, if you take
16 anything away, I think that's one of the big takeaways
17 too.

18 So, I'll talk a little bit about execution
19 services for receivers of XRP. The way we're thinking
20 about this is it's really in phases. So, initially,
21 receivers of XRP right now, the feedback that we're
22 getting is they don't -- their risk teams don't want
23 them to hold XRP on their balance sheets, so they're
24 going to want to immediately sell XRP on open order
25 books once it lands in their exchange account, or within

1 their wallet.

2 So, Prisma will provide that functionality to
3 automatically trigger a sale order of XRP via the -- via
4 the exchanges. As we get more and more advanced, Prisma
5 will be able to add more trading algorithms as part of
6 the sale to achieve better prices.

7 So, what that means is, rather than a receiver
8 having \$2,000 or \$10,000 or \$100,000 of XRP and just
9 going to the open market and selling it all in one clip,
10 which would -- as I -- the example I gave earlier, would
11 have a negative price impact on the market because you
12 would be ultimately scooping up all of the available
13 liquidity and you'd be going multiple levels into the
14 order book and getting a lower price.

15 What Prisma can do, is it can break up a
16 larger order, and execute it over time, and ultimately
17 achieve better prices as a result of taking one order
18 and breaking it up over time, and like, not necessarily
19 crossing the order book, meaning going from the bid to
20 the ask, or going from the ask to the bid to pick up
21 that trade. It can sit in the mid and get better price
22 execution.

23 So, that's one thing that we're going to be
24 building out is how do we -- how do we offer these
25 services to receivers that get them the best sale price

1 of XRP possible?

2 Additionally, we'll be able to offer
3 integrations to market makers. So, these receivers can
4 ultimately request quotes from market makers for the
5 full order amount. They can compare the quotes that
6 they get back from the market makers with what liquidity
7 is available and on these exchanges, and decide what
8 route they want to go. So, that's another route we'll
9 be going.

10 I think the beauty of that is once you -- once
11 you provide access to multiple market makers at the same
12 time, you then are promoting competition between these
13 market makers.

14 So, you request a quote for, let's say,
15 \$50,000 of XRP, these market makers are all competing
16 for that order, and whoever provides the best price gets
17 the full order amount. So, that will -- that will have
18 a positive impact on the prices that receivers can get
19 when selling XRP.

20 Moving onto improving the sender experience.
21 I mean, two main -- two main ways you can do this.
22 Offer the ability to fail over if an exchange is down.
23 As I mentioned in Coins, if Coins is down, we need the
24 ability to send payments to another available exchange
25 that is up. So, Coins is down, let's send volume over

1 to PDAX. So, we're building the ability to fail over to
2 exchanges if there is maintenance or unexpected down
3 time.

4 And then we're adding new corridors. So, in
5 H2, we're going to be adding many, many new corridors.
6 We'll be adding PDAX for redundancy in Philippines,
7 Independent Reserve for redundancy in Australia.
8 Coinbase is coming in Q3. SBIVC Phase 1.5 for Japan is
9 happening as well, and then VALR for South Africa
10 sandbox. So, a lot of exciting things coming in terms
11 of new exchanges being added in H2.

12 Decreasing the cost of liquidity. So, there's
13 a few ways that we can drive this, but our goal is to
14 decrease the cost of liquidity. Our H2 goal is to go
15 from a hundred basis points to 75 basis points. So, one
16 way that we can do this is by increasing available
17 liquidity on these exchanges. So, what we're going to
18 be doing is we're going to be offering services to
19 market makers to provide markets on all of the available
20 exchanges that ODL is live in.

21 So, we heard feedback from market makers that
22 it cost them about \$250,000 dollars for each new
23 integration. So, each new -- each new market that they
24 -- that they integrate into is a quarter of a million
25 dollars. And about half of that is tech related.

1 So, if we can -- so, think about that. If we
2 can provide a single API to all available market makers
3 -- all market makers that are interested in making
4 markets, and that reduces their cost of adding a new
5 exchange by 50 percent, that's going to drive available
6 liquidity in the markets, because as soon as they
7 integrate into Prisma, they now have access to make
8 markets in Mexico and Australia and the UK and
9 Philippines, etcetera.

10 So, like, each new exchange that we add, they
11 more or less for free, 50 percent discount, get that
12 exchange. There's obviously operational things that
13 they have to do, like, open an exchange account, figure
14 out how they fund the account, etcetera. But by having
15 that single API, and not to mention a much better API, a
16 much simpler API, normalized reporting -- so, the data
17 is actually consistent across all of these exchanges.
18 There is some fault tolerance, because a lot of these
19 exchanges aren't necessarily the best in terms of
20 technology.

21 So, Prisma will kind of simplify all of that,
22 and kind of account for a lot of the nuances that exist
23 at all of these exchanges, which is just going to make
24 the life of our market makers significantly easier,
25 which is great for us. The easier we can make it for

1 the -- the more we can promote market makers to make
2 markets on new exchanges, the better position XRP is
3 going to be in, the better position ODL is going to be
4 in.

5 Another thing we're thinking about building,
6 or we're planning on building is FX pricing. So, how do
7 we -- how do we price our senders? At the moment, the
8 way we price our senders is ultimately you get the mid-
9 market rate for your cross-border transaction.

10 The challenge with that is it's not market
11 standard. So, historically, like, we've offered -- just
12 because, like, we've got to get the flywheel started, we
13 have to be competitive, we need to promote -- we need to
14 incentivize people to come onto ODL, we have to offer
15 the best possible rate that they could get for sending
16 money into a specific quarter.

17 I think we are now at the scale and we've
18 learned enough to have confidence that we can actually
19 offer best in -- best in market pricing, but it doesn't
20 have to be at the mid market rate. So, maybe we can
21 say, all right, you get the mid market rate plus five
22 basis points. That five basis points is savings for
23 Ripple, because if we're thinking about the FX rebate I
24 mentioned earlier, that reduces our FX rebate by five
25 basis points.

1 So, for more and more contracts that are
2 coming in, the better we can price them closer to, like,
3 what it is in the market as opposed to just giving away
4 that -- giving away the market at, like, mid market
5 rates, the better position Ripple will be in, and our
6 users will still get better pricing than they could get
7 elsewhere, which is -- which is really what we're trying
8 to do. How do we offer the best product at competitive
9 rates, and we can still do this by adding basis point
10 pricing on top of mid market rates.

11 Additionally, we're doing analysis on how our
12 users -- how our customers should send orders through
13 ODL. There have -- there have been instances where
14 they've been sending orders of \$20,000, \$40,000 at a
15 time, and it's just -- that's not the smartest way that
16 you can route transactions, because you -- as I
17 mentioned earlier, you go into the order book, you get
18 worse price execution because you're going multiple
19 levels deep into the order book.

20 If you can provide guidance to our users on
21 how to break up those orders to get the best price
22 execution, that will provide a better experience for our
23 senders, that will reduce the FX rebate that we
24 ultimately have to pay our senders, and it's happy days
25 for all involved.

1 And then a couple BHAGs that we have, big
2 hairy audacious goals. We want to -- we're in
3 discussion about how do we manage introduction of
4 supply. How do we -- how do we manage the inventory of
5 XRP via Prisma? A lot of -- a lot of conversations
6 happening about that now, but still a lot to be -- a lot
7 to be soused out.

8 And then additionally, what kind of -- what
9 kind of dashboards can we build? What kind of analysis
10 can we run to determine how our market makers are
11 performing, making sure that they're acting in the best
12 interest of Ripple and our customers, understanding what
13 their profitability levels are, because then it gives us
14 more visibility into how well they're performing, and
15 really can help the conversations our markets team is
16 having with them, etcetera.

17 So, I know I've been talking for 40 minutes
18 straight, so I'll stop now and open it up to any
19 questions you may have.

20 MR. [REDACTED] Awesome. All right, thanks a
21 lot, [REDACTED] First off, before I get into the questions,
22 [REDACTED] if you can -- if you can hear me -- I think
23 [REDACTED] probably has some good points on sort of the
24 scalability and quality impacts that Prisma has. So,
25 Connor, would you mind just giving us, like, 30 seconds

1 on how you see this impacting the way in which we
2 interact with exchanges, and what that actually means
3 for our product quality?

4 CONNOR: Yeah. I mean, I think, you know, one
5 of the big sort of shifts in moving away in terms of how
6 we interact with exchanges today in ODL is that for
7 every payment, we're constantly, you know, pulling the
8 status of all the atomic steps that are happening for
9 that.

10 So, you know, we're getting the status of a
11 trade, you know, pulling that through the different
12 lifecycles of that. And so, you know, we're constantly
13 pounding the exchanges with request.

14 Now, there's an upper limit in terms of the
15 number of payments we can process at a time, and how
16 many requests we can make into the exchanges, and one of
17 the really awesome aspects of Prisma is it kind of
18 changes the paradigm in that it goes from a sort of,
19 like, pull model of the exchanges to more of a, hey,
20 exchange, push notifications to me. And then it
21 processes those notifications independent of kind of an
22 ODL payment, and then, you know, there's a layer that
23 sits above Prisma that then reconciles that against
24 payments in the Ripple Net layer.

25 So, you know, in terms of just pure number of

1 payments we'll be able to process, being good stewards
2 of the exchanges, and just, you know, the ability to
3 reconcile, you know, non-Ripple Net payments that are
4 happening, you know, on these accounts from a client's
5 perspective, a lot of different things will really
6 benefit us in the long run in terms of quality,
7 scalability, and really be able to continue to grow ODL.

8 MR. [REDACTED] Thanks, [REDACTED] Okay, [REDACTED] I
9 guess I can summarize two questions from [REDACTED]
10 and [REDACTED] I'll read them, but I think really the
11 core question is -- or, could be answered with where we
12 are today with Prisma, and at least where we are in the
13 short term, because this is fairly new, and I know that
14 there is some variability here, but the questions are
15 really, [REDACTED] asking, you know, could we extend
16 Prisma where any individual with an XRP wallet could buy
17 and sell XRP and hit the -- hit the API?

18 So, really, like, a retail trading aspect, and
19 then [REDACTED] followed on with, you know, hey, this sounds
20 a lot like an automated trading system. Are there
21 regulatory concerns if we're going to expose this to a
22 bunch of people? So, maybe just kind of where we are,
23 and then the kind of path that we're charting ahead,
24 even though it's still early innings?

25 MR. [REDACTED] Yeah. So, where we are today is

1 next steps for Prisma really are to be rolled out as
2 part of the ODL flow. So, Prisma will just be leveraged
3 within ODL transactions. That's where we are today.
4 That's kind of, like, the -- our P0 for Q3 is using
5 Prisma for all exchange connectivity for ODL.

6 In terms of automated trading and the likes, I
7 think that is all very good points. I don't think we've
8 necessarily answered all of those questions yet, but
9 they're -- they continue to be -- they continue to be
10 soused out.

11 This is -- this is vision, right? So, I think
12 the immediate ones are, Prisma is going to be just going
13 directly into the exchanges and buying it at market.
14 Ultimately, we want to get to the point where we are
15 getting smart with our executions, but you're right, we
16 one hundred percent have to make sure that this is all
17 peaceful from a regulatory standpoint.

18 MR. [REDACTED] Cool, and we got some good ones
19 from [REDACTED] and [REDACTED] there that I'll read. [REDACTED]
20 asks, any plans to implement Prisma with a defy lending
21 initiative such as Comp.

22 For folks that aren't aware, Comp is -- it's a
23 native token called Compound on the Ethereum blockchain
24 that helps folks earn interest on assets that they
25 deposit on a decentralized basis. So, [REDACTED] any plans

1 to initiate something with Comp?

2 MR. [REDACTED] Nothing on the road map at the
3 moment, but open to having any conversations about how
4 this could benefit by doing so, but yeah, not -- we
5 haven't had any specific conversations about this thus
6 far.

7 MR. [REDACTED] Yeah. I think also, [REDACTED] the --
8 I think one of the coolest things, and things that I'm
9 most excited about, if I can plug the sender product
10 story. Really, the lending that I see taking place with
11 XRP will be taking place with the institutions that are
12 leveraging our -- Ripple Net as a way of giving them
13 working capital on demand for their payments, and we've
14 seen a lot of success there already, which we'll talk
15 about.

16 So, the folks that I see actually lending on
17 this platform will be Ripple Net participants, or
18 Ripple, and not necessarily Comp.

19 All right, [REDACTED] [REDACTED] spicy question. As we
20 improve the liquidity of XRP, how do we think this will
21 impact the price? Economics would predict that an
22 increase in liquidity or supply would actually lower the
23 price. Do we think this would happen? So, [REDACTED] do you
24 want to -- do you want to --

25 MR. [REDACTED] Yes.

1 MR. [REDACTED] -- start by talking about
2 liquidity versus supply?

3 MR. [REDACTED] Yeah. So, that's a great
4 question. I think there's a bit of conflation going on.
5 So, liquidity doesn't necessarily equate to supply.
6 Liquidity is availability of both people willing to buy,
7 and people willing to sell.

8 Supply, on the other hand -- so, we could --
9 you could keep supply constant and increase liquidity
10 simply by having more and more people using it, and more
11 and more people willing to buy and sell at larger sizes.
12 Supply is availability of XRP, like, number of XRP
13 tokens circulating in the market, which is not the same
14 thing as liquidity.

15 So, I don't think liquidity will have any
16 negative downward pressure on -- an increase in
17 liquidity will not have a downward pressure on the price
18 of XRP. If anything, it will just make the pricing of
19 XRP more efficient, and the ability of trading to happen
20 with minimal market impact.

21 MR. [REDACTED] Now, on the supply side, I think
22 it's -- it is important to know that, you know, with
23 things like XRPO, there is supply being added to the
24 market in terms of Ripple selling XRP in the market, and
25 one thing that we'll cover is -- some initial thoughts

1 and programs that we have to make sure that we are, you
2 know, being very responsible while also delivering
3 excellent customers to -- excellent experiences to our
4 customers, and not creating the kind of problem that you
5 talked about, Sophia, where an excess in supply or
6 inventory can negatively affect the market. So, we'll
7 talk more about that in the sending section.

8 Okay, did I miss anybody's questions in the
9 chat? This has been a very tame group. Anybody have
10 any questions they want to ask out loud?

11 MR. [REDACTED] I'm just waiting for [REDACTED]
12 (phonetic) to unmute to see what zingers he has.

13 [REDACTED] I just have one -- just one comment
14 about natural liquidity. We said that this is one of
15 our misses. How does that impact our long term view of
16 this?

17 And is really natural liquidity, that's really
18 our ultimate goal, or that's something that we just
19 expect to happen, and it will just improve our economics
20 as we -- as we move forward?

21 MR. [REDACTED] That's a great question. I think
22 what we -- I think the learning was, we cannot just
23 expect natural liquidity to come with an increase in ODL
24 volume.

25 That was our original hypothesis, and I think

1 the learning there was despite the significant ramp up
2 in ODL volume that we saw, we didn't see a subsequent
3 increase of the same magnitude in natural liquidity.
4 So, our market makers -- really, what that means is, and
5 how do we measure that, is, our market makers were doing
6 more and more of the ODL volume as we continued to
7 scale.

8 So, we weren't seeing a subsequent increase I
9 natural liquidity. So, what we -- we have to be very
10 cognizant of that, and we have to think about, how do we
11 build a product, how do we -- how do we build a product
12 that actually promotes natural liquidity? How do we
13 build a product that promotes bi-directional flow?

14 So, not just money going into the Philippines,
15 but also, how do we get money flowing out of the
16 Philippines, because if you're going just into the
17 Philippines, you're always on one side of the market.
18 So, really, you need to create flows going both ways to
19 increase this natural liquidity.

20 So, that's -- you're right. It's -- I mean,
21 it's something that we need to continue to figure out
22 is, like, how do we actually build a product that
23 promotes this? I don't -- to be completely honest and
24 transparent, I don't think we've solved that. I don't
25 think we have a silver bullet at the moment, but I think

1 we have a good road map of, how do we promote more
2 liquidity in the market?

3 I think a big step is, if by reducing the
4 barriers to entry for market makers to be able to
5 integrate into new exchanges, that's a big step in
6 actually promoting natural liquidity. Because there may
7 be -- there may be market makers that we don't contract
8 with that simply have not integrated into certain
9 exchanges, because the integration cost is too high, and
10 it -- it's too toilsome for them to do so.

11 There is the potential that Prisma, by proving
12 a very clean, beautiful API that gives you access to all
13 of the available exchanges that Prisma has integrated
14 into could be that step in getting those market makers
15 on, and making markets into those countries. So, that's
16 definitely a big step that we think is going to -- going
17 to help drive this.

18 MR. [REDACTED] Cool. Question from a long time
19 Rippler, [REDACTED] following up on the liquidity and
20 supply question, how would improved liquidity drive up
21 XRP price? So, I -- [REDACTED] if you don't mind, I'll take
22 this one, because it's --

23 MR. [REDACTED] Yeah.

24 MR. [REDACTED] -- come out in a couple questions
25 so far. On the product team, when we're building these

1 things, we don't ever really talk about XRP price.
2 Like, it's -- that's definitely not top of mind for us.
3 Really, the focus is on driving the utility of XRP
4 through excellent customer experiences in the payment
5 space, and getting into essentially the lending space as
6 well.

7 So, I would change the question to, how would
8 improved liquidity improve the customer experience on
9 Ripple Net? Well, everything that [REDACTED] has said is that
10 if you can increase the liquidity, you can increase the
11 customer experience, because you have less price
12 volatility when you're trying to send payments, and you
13 also have the ability of sending more payments with more
14 volume in less small chunks.

15 So, it's a dramatic improvement on the
16 experience as well. It also has a dramatic improvement
17 on the cost that Ripple does to facilitate these
18 payments because we subsidized the FX rates.

19 Now in the long term, we think that, you know,
20 if there's sufficient value and utility in XRP as a
21 medium of exchange, if the entire world of cross-border
22 payments is really leveraging XRP as a medium of
23 exchange, that is going to have significant demand-side
24 pressure on it by the market makers and the receivers
25 who are not just buying and selling immediately, but

1 beginning to hold onto this to facilitate their payments
2 on a long term basis, and starts to feel more like
3 another currency rather than just this crypto asset, and
4 that would have unidirectional demand pressure that is
5 kind of unimaginable when you think about the scale of
6 this market.

7 So, that's kind of the soup to nuts approach,
8 but our product team is really focused on that liquidity
9 piece and the experience piece. Let's see, [REDACTED]
10 how is Prisma solving the bilateral liquidity issue
11 where payment volume is generally one sided? Oh, this
12 is a good one.

13 So, USD to Mexico volume is much greater than
14 MXN to USD volume. So, [REDACTED] does Prisma solve that, or
15 were there other things that we are working on to solve
16 that, or was that an open question for us?

17 MR. ADLER: Yeah, it -- I don't think it's --
18 Prisma is not the silver bullet to solve bidirectional
19 flow. What it does do, is it helps facilitate
20 bidirectional volume by helping increase liquidity.

21 So, really what we're going to see is with XRP
22 termination, we think that could be a big -- a big
23 factor in improving bidirectional flow, because there
24 may be receivers that are accepting flows one way, but
25 they may have flows going the opposite direction. So by

1 enabling this sort of bidirectional with more receivers,
2 that's one way.

3 Another way is if we have -- if we bring on
4 more senders that just have demand for reverse flows.
5 So, from -- so, to be clear, there is flow from Mexico
6 to USD. In aggregate, USD to Mex is going to be -- is
7 going to be larger.

8 That said, there is plenty of flows from Mex
9 to USD. There are plenty of flows from Philippines to
10 the US, from Philippines to Singapore, etcetera. We
11 just -- we need to tap into that market, and Prisma
12 provides the liquidity to enable that, but it doesn't
13 necessarily immediately -- you don't turn on Prisma and
14 immediately have bidirectional flow, but it provides the
15 infrastructure to enable a well functioning
16 bidirectional payment flow.

17 So, like, if you get a bunch of demand from
18 Philippines to Singapore, Prisma can quickly light up a
19 new exchange and enable those flows. So that's how
20 Prisma helps solve it, but it isn't the -- it isn't the
21 sole solution. It's definitely a multi-pronged effort.

22 MR. [REDACTED] I think the other thing there,
23 [REDACTED] think that's a -- that's a good answer when you
24 look at the US to Mexico and Mexico to US, but the magic
25 of what we're trying to do here is really XRP as a

1 completely interchangeable currency among various
2 different countries.

3 And this is why the receiver story is going to
4 be so crucial, because the receiving markets that we
5 open up around the world, we don't necessarily have to
6 just balance USD and MXN. If we have multiple
7 connections via Prisma, you can have flows in and out of
8 Mexico into various currencies, not just USD to Mexico.

9 So, you know, if you have an interchangeable
10 multitude of currencies, you don't necessarily need to
11 balance or match in, out, on a country to country basis,
12 and that's just kind of where we're going as XRP as a --
13 as an exchange asset that is really worldwide. Great
14 questions.

15 We got five or four minutes left now. Any
16 other -- any other questions for liquidity PMs? Okay.
17 We'll call it, then. It was a great -- a great session
18 for a Monday morning. So, thanks, everybody. Fairly
19 tame group, but really good questions.

20 Feel free in this doc to make comments and
21 questions that you think of later, and also please with
22 feedback send an email to [REDACTED] or myself with things
23 that we could do to improve not only this, but stories
24 in the future as well. And then also, please send --
25 please send fun points to [REDACTED] He's saving up

1 for a -- he's saving up for a Nature Valley bar. So,
2 send him something. All right, folks. Thank you very
3 much.

4 MR. [REDACTED] Thanks, everyone.

5 (End of video.)

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